

# NORTH ASIA STRATEGIC HOLDINGS LIMITED

北亞策略控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 8080)

## ANNOUNCEMENT OF (i) THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31ST DECEMBER 2022; AND (ii) RE-DESIGNATION OF DIRECTOR

### CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement, for which the directors (the “Directors” or the “Board”) of North Asia Strategic Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to North Asia Strategic Holdings Limited. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

\* For identification purpose only

## RESULTS

The Board of directors (the “Board”) of North Asia Strategic Holdings Limited (the “Company”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the nine months and three months ended 31st December 2022, together with the comparative unaudited figures of the corresponding periods in 2021.

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	For the nine months ended 31st December		For the three months ended 31st December	
		2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Revenue	3	1,083,676	1,647,507	292,560	639,085
Cost of sales		(891,952)	(1,375,167)	(232,828)	(556,529)
Gross profit		191,724	272,340	59,732	82,556
Other income and gains, net		9,479	21,900	1,339	3,431
Selling and distribution expenses		(105,007)	(97,352)	(38,296)	(26,909)
General and administrative expenses		(160,436)	(121,854)	(46,974)	(34,475)
Other expenses		—	(73)	—	(17)
Operating (loss)/profit		(64,240)	74,961	(24,199)	24,586
Finance income	4	4,053	3,068	2,000	774
Finance costs	4	(3,386)	(1,574)	(852)	(433)
(Loss)/profit before income tax		(63,573)	76,455	(23,051)	24,927
Income tax credit/(expense)	5	7,148	(19,976)	5,868	(8,561)
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<b>(56,425)</b>	<b>56,479</b>	<b>(17,183)</b>	<b>16,366</b>
(Loss)/earnings per share attributable to ordinary shareholders of the Company	6				
Basic ( <i>HK cents</i> )		<b>(13.3)</b>	16.4	<b>(4.0)</b>	4.8
Diluted ( <i>HK cents</i> )		<b>(13.3)</b>	16.4	<b>(4.0)</b>	4.7

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the nine months ended 31st December		For the three months ended 31st December	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
(Loss)/profit for the period	<u>(56,425)</u>	<u>56,479</u>	<u>(17,183)</u>	<u>16,366</u>
OTHER COMPREHENSIVE (LOSS)/INCOME				
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:				
Currency translation differences of foreign operations	<u>(27,730)</u>	<u>15,566</u>	<u>7,019</u>	<u>9,541</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX OF NIL	<u>(27,730)</u>	<u>15,566</u>	<u>7,019</u>	<u>9,541</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	<u><u>(84,155)</u></u>	<u><u>72,045</u></u>	<u><u>(10,164)</u></u>	<u><u>25,907</u></u>

Notes:

## 1. GENERAL INFORMATION

North Asia Strategic Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) are principally engaged in the following businesses during the period:

- **hi-tech distribution and services:** trading of surface mount technology (“SMT”) assembly equipment, machinery and spare parts and provision of related installation, training, repair and maintenance services for SMT assembly equipment;
- **leasing:** provision of finance to its customers via a wide array of assets under finance lease arrangements and operating lease arrangements, and trading of lease assets; and
- **property and investment holding.**

The Company is a limited liability company incorporated in Bermuda as an exempted company under the Bermuda Companies Act 1981 (the “Companies Act”). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and that of its principal place of business is Suite 1618, 16th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong.

The Company’s ordinary shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

This report is presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

This report has been approved and authorised for issue by the Company’s Board of directors on 9th February 2023.

## 2. BASIS OF PREPARATION

This report has been prepared to comply with the disclosure requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange (the “GEM Listing Rules”).

This report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31st March 2022.

The accounting policies adopted in the preparation of this unaudited condensed consolidated financial information are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31st March 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) effective as of 1st April 2022.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30th June 2021</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018-2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16 and HKAS 41

The adoption of the above new and revised HKFRSs has had no significant impact on the Group’s result and financial position.

### 3. REVENUE

An analysis of revenue is as follows:

	For the nine months ended 31st December		For the three months ended 31st December	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Revenue from contracts with customers (note)</b>				
Recognised at a point in time:				
Sales of goods	989,110	1,481,204	262,834	605,889
Sales support service	25,237	99,204	8,071	8,148
Recognised over time:				
Commission and other service income	30,416	29,228	7,324	10,682
	<u>1,044,763</u>	<u>1,609,636</u>	<u>278,229</u>	<u>624,719</u>
<b>Revenue from other sources</b>				
Income from finance lease arrangements	5,367	7,655	1,896	1,719
Income from operating lease arrangements	33,546	30,216	12,435	12,647
	<u>1,083,676</u>	<u>1,647,507</u>	<u>292,560</u>	<u>639,085</u>
<i>Note:</i>				
<b><u>Disaggregated revenue information</u></b>				
<i>Geographic markets</i>				
The PRC including Hong Kong	1,020,781	1,521,904	268,964	587,459
Asia — others	23,982	87,732	9,265	37,260
	<u>1,044,763</u>	<u>1,609,636</u>	<u>278,229</u>	<u>624,719</u>

#### 4. FINANCE INCOME AND COSTS

An analysis of finance income and costs is as follows:

	For the nine months ended 31st December		For the three months ended 31st December	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
<b>Finance income:</b>				
Interest income from bank deposits	<u>4,053</u>	<u>3,068</u>	<u>2,000</u>	<u>774</u>
<b>Finance costs:</b>				
Interest on bank and other borrowings	<u>706</u>	<u>310</u>	<u>61</u>	<u>68</u>
Interest on lease liabilities	<u>2,680</u>	<u>1,264</u>	<u>791</u>	<u>365</u>
	<u>3,386</u>	<u>1,574</u>	<u>852</u>	<u>433</u>

#### 5. INCOME TAX (CREDIT)/EXPENSE

The Company is exempted from taxation in Bermuda until 2035. Hong Kong profits tax has been calculated at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits for the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2021: HK\$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% (2021: 8.25%) and the remaining assessable profits are taxed at 16.5% (2021: 16.5%).

Subsidiaries established in Mainland China are subject to the Mainland China corporate income tax at the standard rate of 25% (2021: 25%).

The amounts of income tax (credit)/expense recorded in the unaudited condensed consolidated statement of profit or loss represent:

	For the nine months ended 31st December		For the three months ended 31st December	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Current taxation				
Hong Kong profits tax				
— current period	—	20,688	—	7,341
— over-provision in prior year	—	(5,063)	—	—
Mainland China corporate income tax				
— current period	<b>3,025</b>	1,359	<b>538</b>	302
— (over)/under-provision in prior year	<b>(2,329)</b>	2,474	<b>(1,832)</b>	—
Deferred	<b>(7,844)</b>	518	<b>(4,574)</b>	918
	<b>(7,148)</b>	19,976	<b>(5,868)</b>	8,561

## 6. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the Group's (loss)/profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

The weighted average number of ordinary shares adopted in the calculation of the basic and diluted earnings per share for the nine months ended 31st December 2021 has been adjusted to reflect the impact of the Open Offer (as defined in note 8(a) of this unaudited condensed consolidated financial information) completed on 13th May 2021.

The calculation of the diluted earnings per share amounts for the nine months ended 31st December 2021 is based on the profit for the period attributable to ordinary shareholders of the Company. The weighted average number of ordinary shares used in the calculation was the total of the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options.

No adjustment has been made to the basic loss per share amount presented for the nine months ended 31st December 2022 in respect of a dilution as the impact of the share options had an anti-dilutive effect on the basic loss per share amount presented.

The calculation of basic and diluted earnings per share amount are based on:

	For the nine months ended 31st December		For the three months ended 31st December	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
<b>(Loss)/earnings</b>				
(Loss)/profit attributable to the shareholders of the Company, used in the basic and diluted (loss)/earnings per share calculation ( <i>HK\$'000</i> )	<b>(56,425)</b>	56,479	<b>(17,183)</b>	16,366
<b>Shares</b>				
Weighted average number of ordinary shares in issue, used in the basic (loss)/earnings per share calculation	<b>425,125,311</b>	343,942,374	<b>425,125,311</b>	343,942,374
Effect of dilution — weighted average number of ordinary shares: Assumed to have been issued at no consideration on deemed exercise of all share options outstanding during the period	—	500,130	—	1,494,954
Weighted average number of ordinary shares in issue, used in the diluted (loss)/earnings per share calculation	<b>425,125,311</b>	344,442,504	<b>425,125,311</b>	345,437,328

## 7. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the nine months ended 31st December 2022 (2021: Nil).

## 8. EQUITY

Movements in unaudited consolidated equity are as follows:

	(Unaudited)			
	Share capital <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balances as at 1st April 2022	42,512	1,212,801	192,129	1,447,442
Loss for the period	—	—	(56,425)	(56,425)
Currency translation differences of foreign operations	—	(27,730)	—	(27,730)
Total comprehensive loss for the period	—	(27,730)	(56,425)	(84,155)
Equity-settled share-based transactions ( <i>note (c)</i> )	—	961	—	961
Balances as at 31st December 2022	<u>42,512</u>	<u>1,186,032</u>	<u>135,704</u>	<u>1,364,248</u>

	(Unaudited)			
	Share capital <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balances as at 1st April 2021	27,258	1,105,473	112,336	1,245,067
Profit for the period	—	—	56,479	56,479
Currency translation differences of foreign operations	—	15,566	—	15,566
Total comprehensive income for the period	—	15,566	56,479	72,045
Open offer ( <i>note (a)</i> )	5,452	33,255	—	38,707
Open offer expenses ( <i>note (a)</i> )	—	(2,411)	—	(2,411)
Placing of new shares ( <i>note (b)</i> )	7,085	32,776	—	39,861
Share option exercised ( <i>note (c)</i> )	2,717	17,434	—	20,151
Equity-settled share-based transactions ( <i>note (c)</i> )	—	9,097	—	9,097
Balances as at 31st December 2021	<u>42,512</u>	<u>1,211,190</u>	<u>168,815</u>	<u>1,422,517</u>

*Note:*

- (a) On 13th May 2021, the Company completed an open offer of one offer share for every five existing shares of the Company held by qualifying shareholders at a subscription price of HK\$0.71 per offer share (the “Open Offer”) and a total of 54,516,161 offer shares were issued at a total cash consideration, before expenses, of approximately HK\$38,707,000.

Upon the completion of the Open Offer, the share capital and share premium were increased by approximately HK\$5,452,000 and HK\$33,255,000, respectively. The related expenses charged to share premium account amounted to approximately HK\$2,411,000.

Details of the Open Offer were disclosed in the Company’s circular dated 21st April 2021 and the results of the Open Offer were set out in the Company’s announcement dated 12th May 2021.

- (b) On 1st December 2021, the Company placed 70,852,000 shares to certain independent places at a price of HK\$0.6 per share, pursuant to a placing agreement dated 22nd November 2021. The premium on the issue of shares, amounting to approximately HK\$32,776,000 after deducting the related issuance cost and expenses, was credited to the Company’s share premium account.

Details of the placing agreement were disclosed in the Company’s announcement dated 22nd November 2021 and the results of the placing were set out in the Company’s announcement dated 1st December 2021.

- (c) Share options of the Company

On 4th September 2014, the shareholders of the Company approved the adoption of a share option scheme (the “2014 Scheme”). Under the terms of the 2014 Scheme, the Board may at its discretion offer share options to any employee, agent, consultant or representative of the Company or any subsidiary, including any executive or non-executive director of the Company or any subsidiary or any other person whom the Board considers in its sole discretion, have contributed or will contribute to the Group (the “Participants”). The principal purpose of the 2014 Scheme is to reward the Participants who have contributed or will contribute to the Group and to encourage the Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The 2014 Scheme shall be valid and effective for a period of ten years commencing on the adoption date.

The movement in the number of share options outstanding and their related weighted average exercise price are as follows:

	<b>Weight average exercise price per share HK\$</b>	<b>Number of share options</b>
At 1st April 2020, 31st March 2021 and 1st April 2021	0.98	14,931,200
Adjusted upon open offer	—	165,533
Exercised during the period	0.74	(27,176,345)
Granted during the period	0.73	31,008,000
	<hr/>	<hr/>
At 31st December 2021	0.87	18,928,388
	<hr/> <hr/>	<hr/> <hr/>
At 31st March 2022 and 1st April 2022	0.87	18,928,388
Granted during the period	0.33	32,652,000
	<hr/>	<hr/>
At 31st December 2022	0.53	51,580,388
	<hr/> <hr/>	<hr/> <hr/>

During the nine months ended 31st December 2022, no share option granted were exercised. The weighted average closing price at the date of exercise for share options exercised during the nine months ended 31st December 2021 was HK\$0.84 per share.

The exercise price and exercise period of the share options outstanding as at the end of the reporting period are as follows:

**As at 31st December 2022**

<b>Number of options</b>	<b>Exercise price*</b> <i>HK\$ per share</i>	<b>Exercise period</b>
7,404,388	1.14	16th August 2017 — 15th August 2027
11,524,000	0.70	24th December 2021 — 23rd December 2031
32,652,000	0.33	7th November 2022 — 6th November 2032
<hr/>		
51,580,388		
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**As at 31st March 2022**

<b>Number of options</b>	<b>Exercise price*</b> <i>HK\$ per share</i>	<b>Exercise period</b>
7,404,388	1.14	16th August 2017 — 15th August 2027
<u>11,524,000</u>	0.70	24th December 2021 — 23rd December 2031
<u><u>18,928,388</u></u>		

\* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the share options granted during the nine months ended 31st December 2022, determined using a binomial model, was approximately HK\$961,000. The Group had recognised a share option expense of HK\$961,000 during the nine months ended 31st December 2022.

During the nine months ended 31st December 2021, the fair value of the share options granted on 18th June 2021 and 24th December 2021, determined using a binomial model, were approximately HK\$8,367,000 and HK\$730,000, respectively. The Group had recognised a share option expense of HK\$9,097,000 during the nine months ended 31st December 2021.

The fair value of equity-settled share options granted during the nine months ended 31st December 2022 and 2021 was determined as at the date of grant using a binomial model, taking into account the terms and conditions upon which the share options were granted.

## **BUSINESS REVIEW**

### **Financial and Business Performance**

For the nine months ended 31st December 2022 (the “9-month Period”), the Group recorded an unaudited consolidated revenue of approximately HK\$1,083,676,000, representing a decrease of 34.2% from approximately HK\$1,647,507,000 in the corresponding period last year, mainly affected by the downward pressure on the economy and the curtailment of capital investments by the Group’s customers in their manufacturing facilities, which have led to a significant drop in orders placing to the Group.

During the 9-month Period, the Group’s hi-tech distribution and services division and the leasing division recorded a decrease in revenue of 35.2% and 19.8% respectively, as compared to corresponding period last year. During the 9-month Period, the Group faced semiconductor chips shortage, sluggish demand in global mobile phone market and COVID-19 related lockdowns in major cities in China that caused component production and logistics disruptions to the Group’s customers.

During the 9-month Period, the Group’s total operating expenses amounted to approximately HK\$265,443,000, representing an increase of 21.1% from approximately HK\$219,206,000 in the corresponding period last year. The increase in operating expenses was due to the depreciation of both the Japanese Yen and Renminbi against the Hong Kong dollar. That contributed to net exchange loss of approximately HK\$29,404,000 by the Group, compared to a net exchange gain of approximately HK\$33,296,000 recorded during the corresponding period of last year.

As the Group is committed to provide reliable cutting-edge services to its customers, the Group has spent more on staff training for the retention of talent and upgrading its ERP system to enhance its operation capacity, supply chain efficiency and inventory management to ensure sustainable development of its business. The Group’s total operating expenses (excluding the exchange loss) to the revenue ratio increased to 21.8% from 13.3% in corresponding period last year.

During the 9-month Period, the Group recorded unaudited consolidated net loss of approximately HK\$56,425,000, compared to the unaudited consolidated net profit of approximately HK\$56,479,000 in the corresponding period last year. The unaudited basic loss per share in the 9-month Period was approximately HK13.3 cents, compared to the unaudited basic earnings per share of approximately HK16.4 cents in the corresponding period last year.

Below is a summary of the financial and business highlights of the Group’s business divisions. The profit/loss figures disclosed below do not include any intra-group sales and charges, as they are eliminated upon consolidation.

## Hi-Tech Distribution and Services Division

The Group conducts its hi-tech distribution and services business through its wholly-owned subsidiary, American Tec Company Limited (“AMT”). AMT is a leader in Asia in the business of distribution, sales and service of SMT equipment, semiconductor manufacturing equipment and software on manufacturing control, with a history of more than 30 years serving its customers in the hi-technology sector. AMT’s team of more than 260 engineers and customer care staff are located in more than 25 cities in China, South-East Asia, Vietnam and India. Customers include most of the major telecom and electronic equipment manufacturers in the world. AMT is especially well positioned with the growing base of Chinese manufacturers. Its suppliers include leading equipment and solutions manufacturers from Asia, the United States and Europe.

During the 9-month Period, the unaudited revenue of the division was approximately HK\$999,578,000, representing a decrease of 35.2% from approximately HK\$1,542,657,000 in the corresponding period last year. The decline was mainly due to the continued shortage in China and worldwide of semiconductor chips, the sluggish demand in the global mobile phone market, and component production and logistics disruptions experienced by the Group’s customers (being mainly Chinese mobile phone manufacturers) due to strict pandemic control policies that had caused lockdowns in major cities in China in 2022. The Group has noted that its customers have been delaying or scaling down their procurement plans for manufacturing equipment, which has led to a significant decline in orders to the Group during 2022 and thereafter. This has led to a reduction in completion of orders during the 9-month Period, and consequently a decrease in revenue of the division.

The division’s direct machine sales during the 9-month Period were approximately HK\$882,156,000, representing a decrease of 34.9% from approximately HK\$1,355,214,000 in the corresponding period last year. It also recorded sales support service, commission and other services income of approximately HK\$55,124,000, representing a decrease of 57.1% from approximately HK\$128,432,000 in the corresponding period last year. Sales of spare parts and software sales were approximately HK\$62,298,000, representing an increase of 5.6% from approximately HK\$59,011,000 in the corresponding period last year. The disappointing results were mainly due to withholding of capital investment by AMT’s customers, who hold unfavorable outlook of demand of smartphones and delays in completion of orders due to issues described above.

During the 9-month Period, the division recorded unaudited net loss of approximately HK\$8,580,000, representing a decrease of 108.2% from unaudited net profit of approximately HK\$104,860,000 in the corresponding period last year. Such decrease was mainly due to the significant drop in the division’s revenue without a corresponding reduction in operating costs at the same rate and the net exchange loss of approximately HK\$30,098,000 recorded by the division due to the depreciation of both the Japanese Yen and Renminbi against the Hong Kong Dollar.

During the third quarter, the division's unaudited revenue and unaudited net loss were approximately HK\$262,703,000 and HK\$2,147,000 respectively, representing a decrease of 57.4% and 108.2% from unaudited revenue of approximately HK\$616,666,000 and unaudited net profit of approximately HK\$26,231,000 in the corresponding period last year.

### **Leasing Division**

The Group conducts its leasing business through its wholly-owned subsidiaries, North Asia Financial Leasing (Shanghai) Co., Ltd. ("NAFL") in China Shanghai Pilot Free Trade Zone and Fuji North Asia Financial Leasing (Shenzhen) Co., Ltd. ("FNAFL") in Qianhai Shenzhen-Hongkong Modern Service Industry Cooperation Zone. The leasing division provides finance and operating leases to customers of the Group's hi-tech distribution and services division and other projects.

During the 9-month Period, the division generated revenue of approximately HK\$84,098,000, representing a decrease of 19.8% from approximately HK\$104,850,000 in the corresponding period last year. The decrease in revenue was mainly due to a 32.5% decrease in sales proceeds from the disposal of operating lease machines at approximately HK\$45,185,000 for the 9-month Period compared to approximately HK\$66,979,000 in the corresponding period last year. The operating environment for leasing business during the 9-month Period remained very challenging due to those factors that have adversely affected the performance of the Group's hi-tech distribution and services business.

The leasing division has continued to manage its working capital through appropriate disposals of operating lease assets to generate sales proceeds described above. Its seasoned leasing team has sought to improve the division's by offering flexible lease arrangements while continuing to be conservative in managing the Group's exposure to finance leases. Revenue from operating lease arrangements in the 9-month Period increased by 11.0% from approximately HK\$30,216,000 in the corresponding period last year to approximately HK\$33,546,000. Finance lease income during the 9-month Period decreased by 29.9% from approximately HK\$7,655,000 in the corresponding period last year to HK\$5,367,000 as a result of reduction of finance lease receivables for most of the 9-month Period. The principal amount of finance lease receivables increased by 11.2% to HK\$71,784,000 at 31st December 2022 from HK\$64,557,000 at 31st December 2021.

The division recorded an unaudited net profit of approximately HK\$481,000 during the 9-month Period, representing a decrease of 93.3% as compared to approximately HK\$7,191,000 in the corresponding period last year. The main reason for the decrease in net profit were the reduction of market sale and rental price of operating lease machines during the 9-month Period as compared with the corresponding period last year.

During the third quarter, the division's unaudited revenue was approximately HK\$29,857,000, representing an increase of 33.2% from approximately HK\$22,419,000 in the corresponding period last year and its unaudited net profit was approximately HK\$310,000, decreased by 92.7% from approximately HK\$4,237,000 in the corresponding period last year.

## **Corporate Development**

On 21st December 2022, the Group entered into a sale and purchase agreement (“SPA”) with Aigniter Holdings Limited (“AHL”), Aigniter Technologies Limited (“ATL”) and their affiliated companies, to acquire upon the fulfilment of certain conditions precedent (i) AHL entire interest in Jarvix (Hong Kong) Limited (“Jarvix”), (ii) the Tech and IP Rights which ATL is required under the SPA to assign to Jarvix at completion of the acquisition and (iii) the ATL receivables, for a initial consideration of USD2,400,000 in cash subject to adjustments according to the terms of SPA. Jarvix is principally engaged in operating the payment business (using the Tech and IP Rights) which provides merchants with a payment solution that bridges online payment acquirers (that operate payment platforms with a wide range of credit card issuers) and such merchants. The Group’s proposed acquisition of Jarvix was driven by the growth prospects of its business which, post-acquisition, can contribute towards the diversification of the Group’s revenue streams. Further details of the proposed acquisition were disclosed in the Company’s announcement dated 21st December 2022.

## **OUTLOOK**

### **Overall Summary**

Moving forward in 2023, most countries around the world have fully lifted their social distancing and quarantine policies to welcome post-pandemic recovery. Although the semi-conductor shortage has started easing recently, the Group, its suppliers and customers are still affected by supply chain disruptions and weak consumer sentiment. The global economy has been adversely impacted by the combined effect of high inflation that led to interest rate climb, worsening financial conditions and continued geo-political tensions and conflicts and associated sanction programs. The World Bank axed its 2023 global economy growth outlook to 1.7% from its previous prediction of 3% in its latest “Global Economic Prospects” published in January 2023, making it the third weakest global economic growth projection in nearly three decades (only the growth projections following 2008 global financial crisis and 2020 pandemic are worse than the current projection). The World Bank also downgraded the projected growth rate of the U.S. economy from 2.4% to 0.5%, China from 5.2% to 4.3%, Japan from 1.3% to 1%, and Europe and Central Asia from 1.5% to 0.1%.

We note that most countries have set a net-zero emission target by 2030. Some of these countries have codified this target in their laws. To achieve this net-zero emissions target, we expect to see the large-scale replacement of electric vehicles for petroleum vehicles. The fast growing electric vehicle manufacturing industry can create new opportunities for the Group since some of the Group’s major customers are leading electric vehicle manufacturers, or their OEM manufacturers in China. They play a vital role in electric vehicle transformation and AMT will strive to provide them cutting edge equipment and top-class service. The Group is also motivated and optimistic about the future of Hong Kong and its role in the Greater Bay Area initiative, which was blue printed by President Xi, who outlined the future for growth and development for Hong Kong.

Going forward, the Group will continue to strive to grow its businesses through appropriate additional investments in its core operations as well as opportunistic investments that may help diversify the Group's revenue streams in this challenging operating environment. To enhance the operational efficiency of the Group's various business divisions, the Group continues to roll-out its ERP system upgrade programme and has adopted the strategy of recruiting appropriately qualified service engineers and sales team members. The Group is also implementing company-wide staff training to upgrade staff capabilities and support infrastructure, to enhance its services of ferings to its customers. The Group seeks to be well prepared for the post-pandemic recovery and the gradual improvement of the semiconductor chip supply constraints.

### **Hi-tech Distribution and Services Division**

The deteriorating economic situation and high inflation is expected to continue to suppress the demand for consumer goods, including smartphones and electronic devices markets in which AMT customers are the key players. According to Worldwide Mobile Phone Forecast Update, 2022-2026: December 2022, the worldwide mobile phone shipments dropped 10.9% from the 1,655.5 million units in 2021 to 1,474.6 million units in 2022. From there, total mobile phone shipments is projected grow to 1,550.7 million units worldwide by 2026, resulting in a CAGR of -1.3% from 2021 to 2026. The 10.9% drop for 2022 also represented the largest yearly drop in every region of the mobile phone market and is worse than the drop recorded in 2020 out the beginning of the COVID-19 pandemic. The China Academy of Information and Communications Technology (CAICT) revealed in its report issued in early January 2023 that domestic shipments of mobile phones in China in November 2022 declined by 34.1% compared to shipments in November 2021, and by 23.2% from January to November 2022 compared to shipments for the corresponding period in 2021.

The negative market outlook forces AMT customers to continue to be extremely conservative in their capital investment. AMT expects that the weakness in new orders seen in the 9-month Period will continue at least for the rest of the financial year. In addition, many of AMT's customers who are electronic products manufacturers are considering the relocation of their manufacturing facilities from China to other locations in South East Asia, to manage risks associated with US-China trade sanctions. Despite the prospects of a volatile and deteriorating operating environment, AMT will continue to work closely with the AMT's partners to come up with competitive and innovative solutions and allocate its resources on areas that customers value the most and actively explore market opportunities in South East Asia countries.

Furthermore, AMT will continue to closely monitor its working capital, gross margin, operating cost and industry developments with a view to maintaining adequate cash flow, improving the Group's results and achieving long-term sustainability and growth of our business.

## Leasing Division

The Group expects the significant excess supply of equipment in the rental market to continue, due to adverse factors such as a significant decline in demand of consumable electronic products and accelerating inflation caused by the US dollar interest rate hike. The Group does not foresee a fundamental change in this trend in the coming quarters. Nevertheless, the division, supported by its experienced leasing team, will continue to work towards providing creative value-added solutions that can address the needs of customers and leverage the Group's overall capabilities to stabilise its leasing business and prepare for future growth.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31st December 2022, the Directors and chief executive of the Company and their respective associates had the following interests or short positions in the shares and/or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to the securities transactions by Directors:

### Long positions in the shares and/or underlying shares of the Company:

Name of Director	Capacity	Number of ordinary shares held	Number of underlying shares held (Share Options)	Approximate percentage of shares and underlying shares held (Note a)
Zhang Yifan	Beneficial owner	3,268,000	7,003,817	10.78%
	Interest of controlled corporation (Note b)	35,588,000	—	
Pierre Tsui Kwong Ming	Beneficial owner	—	4,450,217	1.04%
Kenneth Kon Hiu King	Beneficial owner	—	4,450,217	1.04%
Joseph Liang Hsien Tse	Beneficial owner	—	626,217	0.14%
Joseph Chan Nap Kee	Beneficial owner	—	626,217	0.14%
Cai Qing	Beneficial owner	—	424,000	0.09%

#### Notes:

- (a) The above approximate percentages of the shareholdings are based on 425,125,311 ordinary shares in issue as at 31st December 2022.
- (b) Sky Virtue Holdings Limited is wholly-owned by Ms. Zhang Yifan. By virtue of Part XV of the SFO, Ms. Zhang Yifan is deemed to be interested in the shares held by Sky Virtue Holdings Limited.

Save as disclosed above, as at 31st December 2022, none of the Directors and chief executive of the Company or their respective associates had any interests or short positions in the securities of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors.

## **OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 31st December 2022, so far as is known to the Directors and chief executive of the Company, the following persons (other than the Directors and chief executive of the Company whose interests were disclosed above) had interests or short positions in the shares and/or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

### **Long positions in the shares and/or underlying shares of the Company:**

<b>Name of Shareholder</b>	<b>Capacity</b>	<b>Number of ordinary shares held</b>	<b>Number of underlying shares held (Share Options)</b>	<b>Approximate percentage of shares and underlying shares held (Note a)</b>
Lu Ying	Beneficial owner	—	699,016	42.27%
	Interest of controlled corporation (Note b)	179,014,812	—	
Sincere Ardent Limited	Beneficial owner (Note b)	179,014,812	—	42.10%
Sun Ciying	Beneficial owner	39,861,357	—	9.38%
Sky Virtue Holdings Limited	Beneficial owner (Note c)	35,588,000	—	8.37%

*Notes:*

- (a) The above approximate percentages of the shareholdings are based on 425,125,311 ordinary shares in issue as at 31st December 2022.
- (b) Sincere Ardent Limited is wholly owned by Ms. Lu Ying. By virtue of Part XV of the SFO, Ms. Lu Ying is deemed to be interested in the shares held by Sincere Ardent Limited.
- (c) Sky Virtue Holdings Limited is wholly owned by Ms. Zhang Yifan, the Chairlady and an executive Director of the Company. By virtue of Part XV of the SFO, Ms. Zhang Yifan is deemed to be interested in the shares held by Sky Virtue Holdings Limited.

Save as disclosed above, the Directors and the chief executive of the Company were not aware of any person (other than the Directors or chief executive of the Company the interests of which were disclosed above) who has any interests or short positions in the securities of the Company that were required to be entered in the register of the Company pursuant to Section 336 of the SFO as at 31st December 2022.

## **SHARE OPTION SCHEME**

On 4th September 2014, the shareholders of the Company approved the adoption of a share option scheme (the “2014 Scheme”). Under the terms of the 2014 Scheme, the Board may at its discretion offer share options to any employee, agent, consultant or representative of the Company or any subsidiary, including any executive or non-executive director of the Company or any subsidiary or any other person whom the Board considers in its sole discretion, have contributed or will contribute to the Group (the “Participants”). The principal purpose of the 2014 Scheme is to reward the Participants who have contributed or will contribute to the Group and to encourage the Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The 2014 Scheme shall be valid and effective for a period of ten years commencing on the adoption date.

The following table sets out the movements in the Company's share options under the 2014 Scheme during the reporting period:

Name	Date of grant	Exercise period	Exercise price <sup>(2)</sup>	Number of share options					Outstanding as at 31st December 2022
				Outstanding as at 1st April 2022	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	
<b>Executive Directors</b>									
Zhang Yifan	16th August 2017	16th August 2017 to 15th August 2027	HK\$1.137	2,755,817	—	—	—	—	2,755,817
	24th December 2021	24th December 2021 to 23rd December 2031	HK\$0.700	980,000	—	—	—	—	980,000
	7th November 2022	7th November 2022 to 6th November 2032	HK\$0.325	—	3,268,000	—	—	—	3,268,000
Pierre Tsui Kwong Ming	16th August 2017	16th August 2017 to 15th August 2027	HK\$1.137	202,217	—	—	—	—	202,217
	24th December 2021	24th December 2021 to 23rd December 2031	HK\$0.700	980,000	—	—	—	—	980,000
	7th November 2022	7th November 2022 to 6th November 2032	HK\$0.325	—	3,268,000	—	—	—	3,268,000
Kenneth Kon Hiu King	16th August 2017	16th August 2017 to 15th August 2027	HK\$1.137	202,217	—	—	—	—	202,217
	24th December 2021	24th December 2021 to 23rd December 2031	HK\$0.700	4,248,000	—	—	—	—	4,248,000

Name	Date of grant	Exercise period	Exercise price <sup>(2)</sup>	Number of share options					Outstanding as at 31st December 2022	
				Outstanding as at 1st April 2022	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period		
<b>Independent non-executive Directors</b>										
Joseph Liang Hsien Tse	16th August 2017	16th August 2017 to 15th August 2027	HK\$1.137	202,217	—	—	—	—	202,217	
	24th December 2021	24th December 2021 to 23rd December 2031	HK\$0.700	424,000	—	—	—	—	424,000	
Joseph Chan Nap Kee	16th August 2017	16th August 2017 to 15th August 2027	HK\$1.137	202,217	—	—	—	—	202,217	
	24th December 2021	24th December 2021 to 23rd December 2031	HK\$0.700	424,000	—	—	—	—	424,000	
Cai Qing	7th November 2022	7th November 2022 to 6th November 2032	HK\$0.325	—	424,000	—	—	—	424,000	
<b>Sub-Total</b>				10,620,685	6,960,000	—	—	—	17,580,685	
<b>Substantial Shareholder</b>										
Lu Ying	16th August 2017	16th August 2017 to 15th August 2027	HK\$1.137	275,016	—	—	—	—	275,016	
	24th December 2021	24th December 2021 to 23rd December 2031	HK\$0.700	424,000	—	—	—	—	424,000	
<b>Employees of the Group</b>										
Other Employees	16th August 2017	16th August 2017 to 15th August 2027	HK\$1.137	3,564,687	—	—	—	—	3,564,687	
	24th December 2021	24th December 2021 to 23rd December 2031	HK\$0.700	4,044,000	—	—	—	—	4,044,000	
	7th November 2022	7th November 2022 to 6th November 2032	HK\$0.325	—	25,692,000	—	—	—	25,692,000	
<b>Total</b>				<b>18,928,388</b>	<b>32,652,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>51,580,388</b>	

*Notes:*

- (1) The closing price per share immediately before 16th August 2017, 24th December 2021 and 7th November 2022, the dates of grant, were HK\$1.15 (after adjustment of share consolidation on 26th March 2019), HK\$0.70 and HK\$0.325 respectively.
- (2) The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The number and the exercise price of share options which remained outstanding on 13th May 2021 have been adjusted due to completion of open offer on 13th May 2021.

- For the share options granted on 16th August 2017, the total number of share options outstanding on 13th May 2021 was adjusted from 7,323,200 to 7,404,388 and the exercise price per share was adjusted from HK\$1.15 to HK\$1.137.

## **COMPETING INTERESTS**

As at 31st December 2022, none of the Directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the nine months ended 31st December 2022.

## **CORPORATE GOVERNANCE CODE**

The Company endeavours to maintain high standards of corporate governance in the interests of shareholders, and follows the principles set out in the Corporate Governance Code (the "Code") contained in Appendix 15 of the GEM Listing Rules. Except for the deviations described below, no Director is aware of any information which would reasonably indicate that the Company is not, or was not at any time during the nine months ended 31st December 2022, acting in compliance with the Code.

Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, the Board's decisions are implemented under the leadership of the Chairlady with the involvement and support of the chief executive officer(s) and general manager(s) of the Company's operating companies. The Board believes that the balance of authority and division of responsibility are adequately ensured by the operations of the Board and management which comprise experienced and high calibre individuals.

## **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference that set out the authorities and duties of the committee adopted by the Board. The committee comprises three independent non-executive Directors and is chaired by Mr. Joseph Liang Hsien Tse who has appropriate professional qualifications and experience in financial matters. The terms of reference of the audit committee are aligned with the provisions set out in the Code. The committee's principal duties are to ensure the adequacy and effectiveness of the accounting and financial controls of the Group, oversee the performance of internal control systems, risk management and financial reporting process, monitor the integrity of the financial statements and compliance with statutory and listing requirements and to oversee independence and qualifications of the external auditors.

The unaudited condensed consolidated financial information for the nine months ended 31st December 2022 of the Company now reported on has been reviewed by the audit committee.

## **RE-DESIGNATION OF DIRECTOR**

After been serving as an executive director of the Company for about 7 years, Mr. Pierre Tsui Kwong Ming has stepped aside from his executive role within the Group and is designated as a non-executive director of the Company with effect from the date of this announcement.

Mr. Pierre Tsui Kwong Ming, aged 58, joined the Company in February 2015 as an independent non-executive Director. He was re-designated as an executive Director on 24th February 2016. Upon Mr. Tsui's re-designation, he was appointed as the Chief Financial Officer of the Group's hi-tech distribution and services division until his appointment as the Chief Executive Officer of this division on 9th October 2017. During the period from 2006 to 2014, he was an executive director, the chief financial officer and company secretary of International Mining Machinery Holdings Limited, a company whose shares were listed on the Stock Exchange (Stock code: 1683) until 2012. He has comprehensive operating and financial experience in hi-tech distribution and services business. Mr. Tsui obtained his Master's degree in Accounting and Finance from the London School of Economics & Political Science, UK and a Master's degree in Business Administration from University of Southern California, the United States. He has been a member of the Hong Kong Institute of Certified Public Accountants since 1995 and the American Institute of Certified Public Accountants since 1995.

Mr. Tsui's service contract for his engagement as the Company's executive director is terminated with effect from the date of this announcement. Mr. Tsui has entered into an appointment letter with the Company for his position as a non-executive director for an initial term of three years commencing from the date of this announcement, which is subject to early termination by notice by either party and rotation, retirement and re-election at annual general meeting pursuant to the Company's bye-laws. Mr. Tsui is entitled to a director's fee of HK\$480,000 per annum which was determined by the Board on the basis of his level of responsibilities and by reference to market benchmark.

As at the date of this announcement, Mr. Tsui is interested in 4,450,217 underlying shares of the Company pursuant to share options granted to him under the 2014 Scheme.

Save as disclosed above, (i) Mr. Tsui does not hold any other position with the Company or any of its subsidiaries nor did he hold a directorship in any other listed public company in the last three years preceding the date of this announcement; (ii) Mr. Tsui does not have any relationships with any directors, senior management, substantial or controlling shareholders of the Company (within the meaning of the GEM Listing Rules); (iii) there is no information relating to Mr. Tsui that is required to be disclosed pursuant to rule 17.50(2)(h) to (v) of the GEM Listing Rules; and (iv) there is no other matters concerning the re-designation of Mr. Tsui as non-executive director that needs to be brought to the attention of the shareholders of the Company.

There has been no change to the composition of any of the Board committees following the re-designation of Mr. Tsui as a non-executive director.

The Board warmly welcomes Mr. Tsui in his new role in the Company.

By Order of the Board  
**NORTH ASIA STRATEGIC HOLDINGS LIMITED**  
**Zhang Yifan**  
*Chairlady and Executive Director*

Hong Kong, 9th February 2023

*As at the date of this announcement, the Board comprises Ms. Zhang Yifan (Chairlady and Executive Director), Mr. Kenneth Kon Hiu King (Executive Director); Mr. Pierre Tsui Kwong Ming (Non-executive Director); Mr. Joseph Liang Hsien Tse, Mr. Joseph Chan Nap Kee and Dr. Cai Qing (being Independent Non-executive Directors).*

*This announcement will remain on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) on the "Latest Listed Company Information" page for at least seven days from the date of its posting and on the Company's website at [www.nasholdings.com](http://www.nasholdings.com).*